

HOUSE BILL 933

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CF SB 328

By: ~~Delegate Montgomery~~ Delegates Montgomery, Benson, Hubbard, Kullen,
Nathan-Pulliam, Pena-Melnyk, Tarrant, and V. Turner

Introduced and read first time: February 12, 2010

Assigned to: Health and Government Operations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 17, 2010

CHAPTER _____

1 AN ACT concerning

2 **Hospitals – Financial Assistance and Debt Collection**

3 FOR the purpose of requiring the State Health Services Cost Review Commission to
4 require certain chronic care hospitals to develop a certain financial assistance
5 policy for providing free and reduced-cost care to certain patients; requiring a
6 certain hospital financial assistance policy to provide reduced-cost medically
7 necessary care to certain patients who have a financial hardship; requiring a
8 hospital to apply a reduction that is most favorable to a patient under certain
9 circumstances; providing that a patient or ~~any family member~~ certain family
10 members of the patient shall remain eligible for certain reduced-cost care under
11 certain circumstances; requiring the patient or family member to inform a
12 hospital of the patient's or family member's eligibility for certain reduced-cost
13 care under certain circumstances; altering the requirements for a notice that a
14 hospital must post regarding patient financial assistance; specifying that, for
15 certain purposes, the rights and obligations of a patient with regard to a
16 hospital bill include the rights and obligations with regard to certain
17 reduced-cost care; requiring a hospital's policy on the collection of debts owed
18 by patients to provide for a refund of certain amounts collected from a patient or
19 the guarantor of a patient, require the hospital to seek to vacate a judgment or
20 strike adverse information reported to a consumer reporting agency under
21 certain circumstances, and provide a mechanism for a patient to request a
22 reconsideration of the denial of free or reduced-cost care and file a complaint
23 regarding the handling of the patient's bill; requiring a hospital, beginning on a
24 certain date, to provide for a refund of certain amounts collected from a patient

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 or the guarantor of a patient who, within a certain time period, was found to be
 2 eligible for free care; authorizing a hospital to reduce the time period under
 3 certain circumstances; requiring a hospital's refund policy to provide for a
 4 refund that complies with a patient's means-tested government health care
 5 plan under certain circumstances; prohibiting a hospital, for a certain period of
 6 time, from reporting adverse information about a patient to a consumer
 7 reporting agency or commencing civil action against a patient for nonpayment of
 8 a bill unless the hospital documents a certain lack of cooperation; requiring a
 9 hospital to ~~promptly~~ report to a certain consumer reporting agency the
 10 fulfillment of a patient's payment obligation within a certain period of time;
 11 prohibiting a hospital from forcing the sale or foreclosure of a patient's primary
 12 residence to collect a debt owed on a hospital bill; authorizing a hospital to
 13 maintain its position as a secured creditor under certain circumstances;
 14 requiring a hospital to fulfill certain requirements if the hospital delegates
 15 collection activity to an outside collection agency; requiring the board of
 16 directors of each hospital to review and approve the financial assistance and
 17 debt collection policies of the hospital at certain intervals; prohibiting a hospital
 18 from altering its financial assistance and debt collection policies without
 19 approval of its board of directors; requiring a hospital to provide to a patient, on
 20 request, a written estimate of certain charges; requiring the written estimate to
 21 include a certain statement; authorizing a hospital to restrict the availability of
 22 the written estimate; providing that the requirements pertaining to written
 23 estimates do not apply to emergency services; defining certain terms; making
 24 certain conforming changes; and generally relating to hospital financial
 25 assistance and debt collection requirements.

26 BY repealing and reenacting, with amendments,
 27 Article – Health – General
 28 Section 19–214.1, 19–214.2, and 19–350(b)
 29 Annotated Code of Maryland
 30 (2009 Replacement Volume)

31 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 32 MARYLAND, That the Laws of Maryland read as follows:

33 **Article – Health – General**

34 19–214.1.

35 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE**
 36 **MEANINGS INDICATED.**

37 **(2) “FINANCIAL HARDSHIP” MEANS MEDICAL DEBT, INCURRED**
 38 **BY A FAMILY OVER A 12-MONTH PERIOD, THAT EXCEEDS 25% OF FAMILY**
 39 **INCOME.**

1 **(3) “MEDICAL DEBT” MEANS OUT-OF-POCKET EXPENSES,**
 2 **EXCLUDING CO-PAYMENTS, COINSURANCE, AND DEDUCTIBLES, FOR MEDICAL**
 3 **COSTS BILLED BY A HOSPITAL.**

4 **[(a)] (B)** (1) The Commission shall require each acute care hospital **AND**
 5 **EACH CHRONIC CARE HOSPITAL** in the State UNDER THE JURISDICTION OF THE
 6 COMMISSION to develop a financial assistance policy for providing free and
 7 reduced-cost care to patients who lack health care coverage or whose health care
 8 coverage does not pay the full cost of the hospital bill.

9 (2) The financial assistance policy shall provide, at a minimum:

10 (i) Free medically necessary care to patients with family
 11 income at or below 150% of the federal poverty level; ~~and~~

12 (ii) Reduced-cost medically necessary care to low-income
 13 patients with family income above 150% of the federal poverty level, in accordance
 14 with the mission and service area of the hospital; ~~AND~~

15 ~~(iii) REDUCED COST MEDICALLY NECESSARY CARE TO~~
 16 ~~PATIENTS WITH FAMILY INCOME BELOW 500% OF THE FEDERAL POVERTY~~
 17 ~~LEVEL WHO HAVE A FINANCIAL HARDSHIP.~~

18 (3) (i) The Commission by regulation may establish income
 19 thresholds higher than those under paragraph (2) of this subsection.

20 (ii) In establishing income thresholds that are higher than those
 21 under paragraph (2) of this subsection for a hospital, the Commission shall take into
 22 account:

- 23 1. The patient mix of the hospital;
- 24 2. The financial condition of the hospital;
- 25 3. The level of bad debt experienced by the hospital; and
- 26 4. The amount of charity care provided by the hospital.

27 **(4) (I) SUBJECT TO SUBPARAGRAPHS (II) AND (III) OF THIS**
 28 **PARAGRAPH, THE FINANCIAL ASSISTANCE POLICY REQUIRED UNDER THIS**
 29 **SUBSECTION SHALL PROVIDE REDUCED-COST MEDICALLY NECESSARY CARE TO**
 30 **PATIENTS WITH FAMILY INCOME BELOW 500% OF THE FEDERAL POVERTY**
 31 **LEVEL WHO HAVE A FINANCIAL HARDSHIP.**

1 **(II) A HOSPITAL MAY SEEK AND THE COMMISSION MAY**
 2 **APPROVE A FAMILY INCOME THRESHOLD THAT IS DIFFERENT THAN THE FAMILY**
 3 **INCOME THRESHOLD UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.**

4 **(III) IN ESTABLISHING A FAMILY INCOME THRESHOLD THAT**
 5 **IS DIFFERENT THAN THE FAMILY INCOME THRESHOLD UNDER SUBPARAGRAPH**
 6 **(I) OF THIS PARAGRAPH, THE COMMISSION SHALL TAKE INTO ACCOUNT:**

7 **1. THE MEDIAN FAMILY INCOME IN THE HOSPITAL'S**
 8 **SERVICE AREA;**

9 **2. THE PATIENT MIX OF THE HOSPITAL;**

10 **3. THE FINANCIAL CONDITION OF THE HOSPITAL;**

11 **4. THE LEVEL OF BAD DEBT EXPERIENCED BY THE**
 12 **HOSPITAL;**

13 **5. THE AMOUNT OF CHARITY CARE PROVIDED BY**
 14 **THE HOSPITAL; AND**

15 **6. OTHER RELEVANT FACTORS.**

16 **(4) (5) IF A PATIENT IS ELIGIBLE FOR REDUCED-COST**
 17 **MEDICALLY NECESSARY CARE UNDER ~~PARAGRAPH~~ PARAGRAPHS (2)(II) AND**
 18 **(~~III~~) (4) OF THIS SUBSECTION, THE HOSPITAL SHALL APPLY THE REDUCTION**
 19 **THAT IS MOST FAVORABLE TO THE PATIENT.**

20 **(5) (6) IF A PATIENT HAS RECEIVED REDUCED-COST**
 21 **MEDICALLY NECESSARY CARE DUE TO A FINANCIAL HARDSHIP, THE PATIENT OR**
 22 **ANY IMMEDIATE FAMILY MEMBER OF THE PATIENT LIVING IN THE SAME**
 23 **HOUSEHOLD:**

24 **(I) SHALL REMAIN ELIGIBLE FOR REDUCED-COST**
 25 **MEDICALLY NECESSARY CARE WHEN SEEKING SUBSEQUENT CARE AT THE SAME**
 26 **HOSPITAL DURING THE 12-MONTH PERIOD BEGINNING ON THE DATE ON WHICH**
 27 **THE REDUCED-COST MEDICALLY NECESSARY CARE WAS INITIALLY RECEIVED;**
 28 **AND**

29 **(II) TO AVOID AN UNNECESSARY DUPLICATION OF THE**
 30 **HOSPITAL'S DETERMINATION OF ELIGIBILITY FOR FREE AND REDUCED-COST**
 31 **CARE, SHALL INFORM THE HOSPITAL OF THE PATIENT'S OR FAMILY MEMBER'S**
 32 **ELIGIBILITY FOR THE REDUCED-COST MEDICALLY NECESSARY CARE.**

1 **[(b)] (C)** A hospital shall post a notice in conspicuous places throughout the
2 hospital, including the billing office, **[describing the financial assistance policy and**
3 **how to apply for free and reduced–cost care]** **INFORMING PATIENTS OF THEIR**
4 **RIGHT TO APPLY FOR FINANCIAL ASSISTANCE AND WHO TO CONTACT AT THE**
5 **HOSPITAL FOR ADDITIONAL INFORMATION.**

6 **[(c)] (D)** The Commission shall:

7 (1) Develop a uniform financial assistance application; and

8 (2) Require each hospital to use the uniform financial assistance
9 application to determine eligibility for free and reduced–cost care under the hospital’s
10 financial assistance policy.

11 **[(d)] (E)** The uniform financial assistance application:

12 (1) Shall be written in simplified language; and

13 (2) May not require documentation that presents an undue barrier to
14 a patient’s receipt of financial assistance.

15 **[(e)] (F)** (1) Each hospital shall develop an information sheet that:

16 (i) Describes the hospital’s financial assistance policy;

17 (ii) Describes a patient’s rights and obligations with regard to
18 hospital billing and collection under the law;

19 (iii) Provides contact information for the individual or office at
20 the hospital that is available to assist the patient, the patient’s family, or the patient’s
21 authorized representative in order to understand:

22 1. The patient’s hospital bill;

23 2. The patient’s rights and obligations with regard to the
24 hospital bill;

25 3. How to apply for free and reduced–cost care; and

26 4. How to apply for the Maryland Medical Assistance
27 Program and any other programs that may help pay the bill;

28 (iv) Provides contact information for the Maryland Medical
29 Assistance Program; and

30 (v) Includes a statement that physician charges are not
31 included in the hospital bill and are billed separately.

1 (2) The information sheet shall be provided to the patient, the
2 patient's family, or the patient's authorized representative:

3 (i) Before discharge;

4 (ii) With the hospital bill; and

5 (iii) On request.

6 (3) The hospital bill shall include a reference to the information sheet.

7 (4) The Commission shall:

8 (i) Establish uniform requirements for the information sheet;
9 and

10 (ii) Review each hospital's implementation of and compliance
11 with the requirements of this subsection.

12 **[(f)] (G)** Each hospital shall ensure the availability of staff who are trained
13 to work with the patient, the patient's family, and the patient's authorized
14 representative in order to understand:

15 (1) The patient's hospital bill;

16 (2) The patient's rights and obligations with regard to the hospital bill,
17 **INCLUDING THE PATIENT'S RIGHTS AND OBLIGATIONS WITH REGARD TO**
18 **REDUCED-COST MEDICALLY NECESSARY CARE DUE TO A FINANCIAL HARDSHIP;**

19 (3) How to apply for the Maryland Medical Assistance Program and
20 any other programs that may help pay the hospital bill; and

21 (4) How to contact the hospital for additional assistance.

22 19-214.2.

23 (a) Each hospital shall submit to the Commission, at times prescribed by the
24 Commission, the hospital's policy on the collection of debts owed by patients.

25 (b) The policy shall:

26 (1) Provide for active oversight by the hospital of any contract for
27 collection of debts on behalf of the hospital;

28 (2) Prohibit the hospital from selling any debt;

1 (3) Prohibit the charging of interest on bills incurred by self-pay
2 patients before a court judgment is obtained;

3 (4) Describe in detail the consideration by the hospital of patient
4 income, assets, and other criteria;

5 (5) Describe the hospital's procedures for collecting a debt; [and]

6 (6) Describe the circumstances in which the hospital will seek a
7 judgment against a patient;

8 **(7) IN ACCORDANCE WITH SUBSECTION (C) OF THIS SECTION,**
9 **PROVIDE FOR A REFUND OF AMOUNTS COLLECTED FROM A PATIENT OR THE**
10 **GUARANTOR OF A PATIENT WHO WAS LATER FOUND TO BE ELIGIBLE FOR FREE**
11 **CARE ON THE DATE OF SERVICE;**

12 **(8) IF THE HOSPITAL HAS OBTAINED A JUDGMENT AGAINST OR**
13 **REPORTED ADVERSE INFORMATION TO A CONSUMER REPORTING AGENCY**
14 **ABOUT A PATIENT WHO LATER WAS FOUND TO BE ELIGIBLE FOR FREE CARE ON**
15 **THE DATE OF THE SERVICE FOR WHICH THE JUDGMENT WAS AWARDED OR THE**
16 **ADVERSE INFORMATION WAS REPORTED, REQUIRE THE HOSPITAL TO SEEK TO**
17 **VACATE THE JUDGMENT OR STRIKE THE ADVERSE INFORMATION; AND**

18 **(9) PROVIDE A MECHANISM FOR A PATIENT TO:**

19 **(i) REQUEST THE HOSPITAL TO RECONSIDER THE DENIAL**
20 **OF FREE OR REDUCED-COST CARE; AND**

21 **(ii) FILE WITH THE HOSPITAL A COMPLAINT AGAINST THE**
22 **HOSPITAL OR AN OUTSIDE COLLECTION AGENCY USED BY THE HOSPITAL**
23 **REGARDING THE HANDLING OF THE PATIENT'S BILL.**

24 **(c) (1) BEGINNING OCTOBER 1, 2010, A HOSPITAL SHALL PROVIDE**
25 **FOR A REFUND OF AMOUNTS EXCEEDING \$25 COLLECTED FROM A PATIENT OR**
26 **THE GUARANTOR OF A PATIENT WHO, WITHIN A 2-YEAR PERIOD AFTER THE**
27 **DATE OF SERVICE, WAS FOUND TO BE ELIGIBLE FOR FREE CARE ON THE DATE**
28 **OF SERVICE.**

29 **(2) A HOSPITAL MAY REDUCE THE 2-YEAR PERIOD UNDER**
30 **PARAGRAPH (1) OF THIS SUBSECTION TO NO LESS THAN 30 DAYS AFTER THE**
31 **DATE THE HOSPITAL REQUESTS INFORMATION FROM A PATIENT, OR THE**
32 **GUARANTOR OF A PATIENT, TO DETERMINE THE PATIENT'S ELIGIBILITY FOR**
33 **FREE CARE AT THE TIME OF SERVICE, IF THE HOSPITAL DOCUMENTS THE LACK**
34 **OF COOPERATION OF THE PATIENT OR THE GUARANTOR OF A PATIENT IN**
35 **PROVIDING THE REQUESTED INFORMATION.**

1 **(3) IF A PATIENT IS ENROLLED IN A MEANS-TESTED**
2 **GOVERNMENT HEALTH CARE PLAN THAT REQUIRES THE PATIENT TO PAY**
3 **OUT-OF-POCKET FOR HOSPITAL SERVICES, A HOSPITAL'S REFUND POLICY**
4 **SHALL PROVIDE FOR A REFUND THAT COMPLIES WITH THE TERMS OF THE**
5 **PATIENT'S PLAN.**

6 **(D) (1) FOR AT LEAST 120 DAYS AFTER ISSUING AN INITIAL PATIENT**
7 **BILL, A HOSPITAL MAY NOT REPORT ADVERSE INFORMATION ABOUT A PATIENT**
8 **TO A CONSUMER REPORTING AGENCY OR COMMENCE CIVIL ACTION AGAINST A**
9 **PATIENT FOR NONPAYMENT UNLESS THE HOSPITAL DOCUMENTS THE LACK OF**
10 **COOPERATION OF THE PATIENT OR THE GUARANTOR OF THE PATIENT IN**
11 **PROVIDING INFORMATION NEEDED TO DETERMINE THE PATIENT'S OBLIGATION**
12 **WITH REGARD TO THE HOSPITAL BILL.**

13 **(2) A HOSPITAL ~~PROMPTLY~~ SHALL REPORT THE FULFILLMENT OF**
14 **A PATIENT'S PAYMENT OBLIGATION WITHIN 60 DAYS AFTER THE OBLIGATION IS**
15 **FULFILLED TO ANY CONSUMER REPORTING AGENCY TO WHICH THE HOSPITAL**
16 **HAD REPORTED ADVERSE INFORMATION ABOUT THE PATIENT.**

17 **(E) (1) A HOSPITAL MAY NOT FORCE THE SALE OR FORECLOSURE OF**
18 **A PATIENT'S PRIMARY RESIDENCE TO COLLECT A DEBT OWED ON A HOSPITAL**
19 **BILL.**

20 **(2) IF A HOSPITAL HOLDS A LIEN ON A PATIENT'S PRIMARY**
21 **RESIDENCE, THE HOSPITAL MAY MAINTAIN ITS POSITION AS A SECURED**
22 **CREDITOR WITH RESPECT TO OTHER CREDITORS TO WHOM THE PATIENT MAY**
23 **OWE A DEBT.**

24 **(F) IF A HOSPITAL DELEGATES COLLECTION ACTIVITY TO AN OUTSIDE**
25 **COLLECTION AGENCY, THE HOSPITAL SHALL:**

26 **(1) SPECIFY THE COLLECTION ACTIVITY TO BE PERFORMED BY**
27 **THE OUTSIDE COLLECTION AGENCY THROUGH AN EXPLICIT AUTHORIZATION OR**
28 **CONTRACT;**

29 **(2) REQUIRE THE OUTSIDE COLLECTION AGENCY TO ABIDE BY**
30 **THE HOSPITAL'S CREDIT AND COLLECTION POLICY;**

31 **(3) SPECIFY PROCEDURES THE OUTSIDE COLLECTION AGENCY**
32 **MUST FOLLOW IF A PATIENT APPEARS TO QUALIFY FOR FINANCIAL ASSISTANCE;**
33 **AND**

34 **(4) REQUIRE THE OUTSIDE COLLECTION AGENCY TO:**

1 **(I) IN ACCORDANCE WITH THE HOSPITAL'S POLICY,**
2 **PROVIDE A MECHANISM FOR A PATIENT TO FILE WITH THE HOSPITAL A**
3 **COMPLAINT AGAINST THE HOSPITAL OR THE OUTSIDE COLLECTION AGENCY**
4 **REGARDING THE HANDLING OF THE PATIENT'S BILL; AND**

5 **(II) FORWARD THE COMPLAINT TO THE HOSPITAL IF A**
6 **PATIENT FILES A COMPLAINT WITH THE COLLECTION AGENCY.**

7 **(G) (1) THE BOARD OF DIRECTORS OF EACH HOSPITAL SHALL**
8 **REVIEW AND APPROVE THE FINANCIAL ASSISTANCE AND DEBT COLLECTION**
9 **POLICIES OF THE HOSPITAL AT LEAST EVERY ~~3~~ 2 YEARS.**

10 **(2) A HOSPITAL MAY NOT ALTER ITS FINANCIAL ASSISTANCE OR**
11 **DEBT COLLECTION POLICIES WITHOUT APPROVAL BY THE BOARD OF**
12 **DIRECTORS.**

13 **[(c)] (H)** The Commission shall review each hospital's implementation of
14 and compliance with the hospital's [policy] **POLICIES** and the requirements of
15 [subsection (b) of] this section.

16 19-350.

17 **(b) (1) (I) ON REQUEST OF A PATIENT MADE BEFORE OR DURING**
18 **TREATMENT, A HOSPITAL SHALL PROVIDE TO THE PATIENT A WRITTEN**
19 **ESTIMATE OF THE TOTAL CHARGES FOR THE HOSPITAL SERVICES,**
20 **PROCEDURES, AND SUPPLIES THAT REASONABLY ARE EXPECTED TO BE**
21 **PROVIDED AND BILLED TO THE PATIENT BY THE HOSPITAL.**

22 **(II) THE WRITTEN ESTIMATE SHALL STATE CLEARLY THAT**
23 **IT IS ONLY AN ESTIMATE AND ACTUAL CHARGES COULD VARY.**

24 **(III) A HOSPITAL MAY RESTRICT THE AVAILABILITY OF A**
25 **WRITTEN ESTIMATE TO NORMAL BUSINESS OFFICE HOURS.**

26 **(IV) THIS PARAGRAPH DOES NOT APPLY TO EMERGENCY**
27 **SERVICES.**

28 **[(1)] (2)** Within 30 days after discharge of an individual from a
29 hospital, the hospital shall give the individual a summary financial statement that
30 clearly describes:

31 (i) The total charges incurred;

32 (ii) If readily ascertainable, a summary of the total charges
33 under the major services categories, including:

- 1 1. Room and board;
- 2 2. Diagnostic services;
- 3 3. Therapeutic services;
- 4 4. Emergency room services;
- 5 5. Drugs and IV solutions; and
- 6 6. Miscellaneous other supplies and services;

7 (iii) If applicable, the name of the primary and secondary insurer
8 to which a claim has been or will be filed on the individual's behalf;

9 (iv) That charges for services provided by a physician are not
10 included in the total hospital charges and are billed separately; and

11 (v) The individual's right to request an itemized statement of
12 the account within 1 year of receipt of the summary statement.

13 **[(2)] (3)** Within 30 days after an individual's request as provided
14 under paragraph **[(1)(v)] (2)(v)** of this subsection, the hospital shall provide the
15 individual a statement of the account that:

16 (i) Is itemized; and

17 (ii) Describes briefly but clearly each item and the amount
18 charged for it.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2010.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.